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ANALYSIS OF INVENTORY MANAGEMENT AT THE REGIONAL OFFICE OF THE NATIONAL LAND AGENCY OF NORTH SULAWESI PROVINCE

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Abstract:

Inventory is a current asset that is used to support operational activities. Inventory must be managed properly and carefully so that no mistakes will create losses. To create good inventory management, accounting policies implemented by government agencies must be based on solid guidelines or standards. Inventory management is regulated in Statement of Government Accounting Standards Number 5, which includes recognizing, measuring, recording, and disclosing inventory. The researcher took the object of research at the Regional Office of the North Sulawesi BPN because, according to the initial survey, it was found that there were problems in recording inventory. This study aims to determine the inventory management in the Regional Office and what causes errors in inventory recording. The method used in this research is a qualitative method with a case study approach. The results showed that the inventory management at the North Sulawesi BPN Regional Office was carried out correctly following Statement of Government Accounting Standards Number 5; problems that occur are caused by inventory items that have been recorded when taking goods from the warehouse and then at the time of hospitalization, the goods have not been used. However, the North Sulawesi BPN Regional Office still records the ending inventory balance according to the amount of usage.

Keywords: Inventory, Accounting, Government.

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INTRODUCTION

The realization of a sound government system (*good governance*) is oriented towards the arrangement and implementation of government activities in an orderly, orderly and orderly manner as well as professional, transparent, and accountable management of state finances. Implementation of government operational activities can be achieved optimally if supported by adequate supplies. Inventory is a current asset used to support operational activities. Inventory must be managed properly and carefully so that errors do not occur which will create losses. Every inventory used needs to be accounted for to ensure that the inventory is managed optimally. To create good inventory management, accounting policies applied by government agencies must be based on solid guidelines or standards.

The government issued Government Accounting Standards through Government Regulation Number 71 of 2010, which contains two Government Accounting Standards, namely Accrual-Based Government Accounting Standards, and Cash-to-Accrual-based Government Accounting Standards. Inventory management is regulated in Statement of Government

Accounting Standards Number 5, which includes recognizing, measuring, recording, and disclosing inventory. Under the Statement of Government Accounting Standards, inventories are recognized when the government obtains the potential future economic benefits and have a value or cost that can be measured reliably and the ownership rights have transferred. Statement of Government Accounting Standards states that inventories will be recognized when the potential future economic benefits flow to the government and have a value or cost that can be measured reliably and the title transfers. Inventories are measured at cost, cost of production, or fair value. Inventory expenses are recorded as the amount of inventory usage, and the financial statements disclose the accounting policies for measuring inventory and the physical condition of the inventory. With the implementation of this standard, inventory management can run well and minimize errors that may occur.

Several previous studies have been carried out regarding inventory. One of them was research conducted by Rifai (2017) on inventory measurement at the North Sulawesi Public Works Service with the result that there needed to be more supplies than needed and non-detailed reporting. Herdiyana (2021) researched the supply of excise bands at the Kediri Public Excise Service Office. With the results, the classification of excise stamp inventories could have been more precise in determining accounts, and the recognition of inventory acquisition needed to follow PMK Number 224/PMK.05/201. In contrast to previous research, which has limited analysis to 1 type of inventory, namely excise stamps, and is only related to inventory measurement components, other essential processes such as recognition, recording, and disclosure should be presented more comprehensively. Therefore, this study discusses the entire inventory management accounting process.

Researchers took objects at the Regional Office of the National Land Agency for North Sulawesi Province. This agency runs land redistribution, community land empowerment, complete systematic land registration, and several other programs. The program runs from the Regional Office of the National Land Agency for North Sulawesi Province and is closely related to supply. If the supply is not managed correctly, it will significantly affect the implementation of each program by the Regional Office of the National Land Agency of North Sulawesi Province. In connection with inventory management, this study will examine more office stationery supplies and consumable certificate blanks. Based on the Statement of Government Accounting Standards about inventory management, one of which is recording, it was found that there were misstatements and differences in the recording between the amount of inventory in the warehouse and the amount listed on the stock card. These differences in recording affect the quality of the financial statements presented.

Based on the background described, further research will be carried out with the title "Analysis of Inventory Management at the Regional Office of the National Land Agency of North Sulawesi Province."

METHODS

This type of research is qualitative research using a case study approach. The data needed in this study will be taken directly from the Regional Office of the National Land Agency of North Sulawesi Province and then will be analyzed and contained inaccurate writing and pictures based on the facts that have occurred.

The location of research was carried out directly at the Regional Office of the National Land Agency for North Sulawesi Province, 17 Agustus Street Manado – North Sulawesi. The research was conducted from August to September 2022.

This study will use qualitative and quantitative data types. Qualitative data in the form of organizational structures, systems, and procedures in inventory management, as well as the results of interviews obtained through researchers, will ask questions directly to the Head of Administrative Subdivision, inventory storage staff, and parties related to finance and accounting. In addition, several questions are asked in general and specific forms to get an overview of the relevant agencies and know more specifically about topics related to research, in this case, inventory at the Regional Office of the National Land Agency, North Sulawesi Province. The quantitative data needed for research is in the form of a balance sheet for 2021, operational reports for 2021, an Official Report (if supplies are obtained by way of grants/grants), and another document that includes recording inventories to complete the qualitative data that will be used.

The data collection process in this study uses the following methods:

1. Interview

During the interview process, questions will be asked to the Head of Administration, Treasurer and staff responsible for inventory records regarding the following matters:

- a. Inventory classification
 - b. Inventory acknowledgment
 - c. Inventory measurement
 - d. Inventory recording system
 - e. Presentation and disclosure of inventory
 - f. Problems related to the inventory accounting process
2. Documentation

I am doing documentation of the data needed in the form of operational reports for 2021, balance sheets for 2021, inventory cards for 2021, budget realization reports for 2021, and other documents such as circular letters and standard operating procedures. The data will then be observed to obtain the information needed to be studied.

The process of analysis to find out the management of inventory accounting is as follows:

1. Research data from interviews by employees of the finance and State Property sector at the Regional Office of the National Land Agency of North Sulawesi Province and documentation to support the results of the interviews.
2. The data will be classified based on the qualitative and quantitative data types.
3. After the data is classified, the data will be studied, and then the writer will describe the research
4. results.
5. The research results described from the existing data will discuss the research objectives.
6. Based on the existing analysis and discussion, conclusions are drawn to summarize the specific results of the analysis and discussion. Finally, positive suggestions will appear to the Regional Office of the National Land Agency for North Sulawesi Province.

RESULT AND DISCUSSION

The Regional Office of the National Land Agency of North Sulawesi Province is a vertical agency of the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency in the province, which is under and responsible to the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency through the Secretary-General. Therefore, the vision, Mission, and Motto of the Regional Office of the National Land Agency of North Sulawesi Province are the same of the Ministry of Agrarian Affairs and Spatial Planning / National Land Agency.

Vision: Realization of spatial planning and management of land that is trusted and have

world standard in serving the community to support the achievement of a "Forward Indonesia that is Sovereign, Independent and Has a Personality Based on Mutual Cooperation."

Mission:

1. Organizing Spatial Planning and Land Management that is Productive, Sustainable, and Equitable;
2. Implement World Standard of Land and Spatial Planning Services.

The duties and functions of each section within the structural Office of the National Land Agency of North Sulawesi Province are as follows:

1. Administration Section

The administrative division has the task of providing guidance and administrative support within the Regional Office of the National Land Agency of North Sulawesi Province. This section contains several sub-sections,

- a. Planning, Evaluation, and Reporting Subdivision
- b. Subdivision of Finance and State Property
- c. Legal, Personnel, and Organization Subdivision
- d. General and Public Relations Subdivision and Functional Position Group

2. Survey and Mapping

Sector Survey and Mapping Sector have the task of coordinating, fostering, and implementing field and spatial measurement and mapping, maintenance of the primary national cadastral framework and measurement of administrative and regional boundaries, essential measurement and mapping, surveys and thematic mapping of land and spatial areas and areas as well as the development of technical personnel and licensed surveyors.

3. The Field of Determination of Rights and Registration

The Field of Determination of Rights and Registration has the task of carrying out guidance, coordination, implementation and inventory, identification, data management, and presentation of information on the determination of land and space rights, land and space registration, maintenance of land and space rights, land administration ulayat and communal rights, establishment and management of government land, institutional relations and guidance and supervision of partners and Official Certifier of Title Deeds.

4. The sector of Structuring and Empowerment

The sector of Structuring and Empowerment has the task of carrying out coordination, guidance, and implementation of land reform, management and analysis of tenure, ownership, use, and utilization of land, land redistribution, community land empowerment, land stewardship, land arrangement according to spatial plans, facilitation preparation of spatial planning and spatial use in the regions, and arrangement of coastal areas, small islands, borders, and certain areas.

5. Land Acquisition and Development

Sector Land Acquisition and Development has the task of coordinating, guiding, and implementing land procurement and reservation, land consolidation, land development, and land utilization, as well as land and land economic assessment.

6. The Dispute Control and Handling

Sector The Dispute Control and Handling Sector have the task of carrying out guidance, coordination, and implementation of control over land rights, land conversion, coastal areas, small islands, borders, and certain areas, controlling land tenure, ownership, use, and utilization,

handling disputes and conflicts, as well as handling land cases.

Results Inventory Management. Based on the results of research obtained at the Regional Office of the National Land Agency of North Sulawesi Province regarding inventory management, which consists of requesting, procurement, storage, distribution, and inventory accounting processes. This inventory management process is based on the duties and authority of the Commitment Making Officer.

Following the results of interviews with Finance and State Property employees at the Regional Office of the National Land Agency of North Sulawesi Province regarding the inventory management process, they are starting from each field submitting a request for supplies in the form of Office Stationery to the Commitment Making Officer. First, the request will be planned by the Commitment Making Officer, and then a request for supplies will be made to a third party or company.

In the inventory management process, after Commitment Making Officer requested supplies from a third party, in this case, a company that had collaborated with the Regional Office of the National Land Agency for North Sulawesi Province. This third party will supply goods to the office accompanied by receipts/contracts, invoices, and Official Report...

After going through the inventory procurement process, the inventory is stored in the warehouse. All inventory entering the warehouse will be recorded on the inventory card and in the *Sistem Aplikasi Keuangan Tingkat Instansi (SAKTI)*. Inventory goods that enter the warehouse have been ensured to be in proper condition and checked for completeness.

When the inventory is in the warehouse, it will be distributed according to the requests from each division. Therefore, when inventory enters the warehouse, it will be recorded on the inventory card and the *SAKTI* application. Similarly, when inventory leaves the warehouse for distribution to each field, it will be recorded on the inventory card and *SAKTI* application.

Inventory Accounting Treatment. At the Regional Office of the National Land Agency of North Sulawesi Province, the accounting process is carried out in inventory management. The accounting treatment includes classification, recognition, measurement, recording of expenses, and disclosure of inventories.

The first procedure performed in the inventory accounting treatment is inventory classification. The Regional Office of the National Land Agency for North Sulawesi Province classifies inventories into two types, namely Office Stationery and Blank Certificates.

The accounting treatment for inventories after classification is inventory recognition. Inventories are recognized when the Regional Office of the National Land Agency of North Sulawesi Province has received the goods. Inventory is recognized with the condition that for Office Stationery (ATK), it must be accompanied by supporting documents like invoices, purchase receipts, and Official Reports. In contrast, blank certificates must be accompanied by supporting documents, such as the Official Report of Handover.

At the following stage, namely inventory measurement. For Office Stationery (ATK), it is measured from the final purchase cost, and for certificate blanks, the measurement is determined in the latest blank unit price circular letter.

In the accounting treatment, after measuring the inventory, inventory must be recorded. Inventory recording is carried out using the *SAKTI* application, and there is a particular inventory module in this application. The special inventory module uses the perpetual method of recording. For example, the National Land Office of North Sulawesi Province always does the stock opname monthly, semester and yearly, then the results of the stock opname are reported in the minutes of

physical inventory taking and recorded in the *SAKTI* application to find out the final inventory balance.

The last inventory accounting treatment is presenting and disclosing inventory. Inventory is presented on the balance sheet in the current assets section. Disclosure of inventory is presented in the Notes to Financial Statements report.

Discussion Inventory Management. Following the results obtained through the interview process with financial sector employees of the National Land Office of North Sulawesi Province for inventory management starting from requesting, procurement, storage, distribution, and then inventory accounting treatment where these stages following the procedures set out in the Statement of Accounting Standards Government Number 5.

Inventory Accounting Treatment. Following the results of interviews and data documentation needed for research, the result that inventory accounting treatment at the Regional Office of the National Land Agency of North Sulawesi Province includes the processes of classification, recognition, measurement, recording of expenses, presentation and disclosure of inventories following Statement of Accounting Standards Government Number 5 which explains the stage of accounting treatment.

Classification of inventories at the National Land Office of North Sulawesi Province is divided into 2, namely Office Stationery, which functions as a support for government operational activities, and Blank Certificates which are inventory items to be handed over to the public as proof of ownership rights. Inventory classification is declared following the applicable standards in PSAP No. 5 about supplies.

In the inventory recognition process, stationery items are through the purchasing process, and Blank Certificates, upon receipt, are recognized immediately. This follows the standards that apply to Statement of Accounting Standards Government Number 5 about supplies.

Office Stationery Supplies obtained by purchasing are measured at cost, namely the last purchase price. This is evidenced by the purchase invoice, which contains a detailed list of Office Stationery supplies. The value stated on the invoice will be the basis for measuring inventory. The Blank Certificates at the Regional Office of the National Land Agency of North Sulawesi Province are assessed based on the most recent Circular Letter regarding the Unit Price of Blanks. The Circular Letter was issued directly by the Ministry of Agrarian Affairs/BPN. Inventory measurements carried out by the National Land Office of North Sulawesi Province were declared following Statement of Accounting Standards Government Number 5 about supplies.

Inventory recording is carried out on the *SAKTI* application according to the amount used. The recording method in the inventory module of the application uses the perpetual method. Inventory recording will also be carried out with stock opname, which is carried out every month, every semester, and every year. In this process, there is often a difference between the amount of inventory listed in the inventory book and the physical amount; this happens because, during stock opname, it turns out that specific divisions do not use what was requested. For recording inventory expenses in the Operations Report it is recorded based on the results of stock opname to match the amount of inventory usage. Recording of inventories is carried out following Statement of Accounting Standards Government Number 5 which states that the cost of inventories is recorded at the cost of use, and the calculation of expenses is carried out to present operational reports.

Disclosure of inventories is contained in the Notes to Financial Statements. The Notes to Financial Statements report does not disclose goods or equipment that are in process or goods used in the production process because the Regional Office of the National Land Agency for North

Sulawesi Province does not produce any goods. The Regional Office of the National Land Agency of North Sulawesi Province conducts inventory disclosure following Statement of Accounting Standards Government Number 5, which states that financial reports disclose:

- a. Accounting policies used in inventory measurement
- b. Further explanation of supplies such as goods or equipment used in public services, goods or equipment used in the production process, goods stored for sale or handed over to the public, and goods still in the production process intended to be sold or handed over to the public; and Physical condition of inventory.

For more details, This table will present whether the accounting treatment process follows the rules in PSAP No. 5.

Table 2. Inventory Accounting

Treatment Inventory Accounting Treatment	Basic Rules	Description
of Inventory Classification	PSAP No. 05	Appropriate
Inventory Recognition		Appropriate
Measurement		Appropriate
Inventory Recording		Appropriate
Presentation and Disclosure of Inventory		Appropriate

Source: Data processed by the author, 2022

CONCLUSION

Based on the results of the research and discussion described above, it can be concluded that the process of inventory management and inventory accounting treatment carried out at the Regional Office of the National Land Agency of North Sulawesi Province, in this case, the recognition, measurement, recording, presentation, and disclosure of inventories are carried out correctly and following Statement of Government Accounting Standards Number 5. However, the inventory recording section was carried out ineffectively because, during stock opname, there were differences in the physical amount with the inventory book. This happens because the picking up inventory items in the warehouse does not match the amount used. Therefore, it needs to be adjusted to the use of each existing division in the Regional Office of the National Land Agency of North Sulawesi Province so that there are no recording errors or distinctions between the physical number and the amount stated in the stock card.

It was also found that at the Regional Office of the National Land Agency for North Sulawesi Province, there needed to be more discrepancies between the Operational Report and the Budget Realization Report. This difference occurs because the Budget Realization Report records inventory expenditure, which only includes Office Stationery (ATK), and the Operational Report records all inventory usage, in this case, Blank Certificates and Office Stationery. For example, on 2021 Operational Report notes that there is a difference in the cost of inventories calculated through the initial balance plus the acquisition of inventories and deducting the balance of inventories on December 31, 2021. The difference includes the transfer out of inventories of Blank Certificates and

Obsolete Items in the form of Blank Mortgage Certificates. Blank certificates are not recorded in the Budget Realization Report because, in their procurement, the Regional Office of the National Land Agency for North Sulawesi Province does not issue a budget.

The process of recognizing inventories has been carried out following Statement of Government Accounting Standards Number 5, which states that inventories are recognized when the potential future economic benefits are obtained by the government and have a value or cost that can be measured reliably and ownership rights transfer. Inventory measurement has also been carried out following Statement of Government Accounting Standards Number 5, which is presented at acquisition cost. The presentation and disclosure of inventories have been carried out following Statement of Government Accounting Standards Number 5.

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